

THE AGGREGATOR | Edited by Nikki Waller

Despite Gulf Disaster, Don't Sell BP—Yet

BP stock has plummeted in the wake of the oil disaster in the Gulf of Mexico. Should investors bail while they still can? Should the rest of us take advantage of the plunge to buy in cheaply?

Here's the skinny for ordinary investors:

We don't know how bad this crisis is going to get, or what it will cost. We don't know how quickly BP can cap the well, where the oil will end up and how much damage it will do. So trying to estimate a cleanup bill at this point seems pretty fruitless.

But here's some context: Until now, the Exxon Valdez disaster in 1989 was the costliest oil spill on record. In total, Exxon had to pay about \$4.3 billion in cleanup costs, fines and compensation. Counting inflation, the bill would be closer to \$7 billion in today's money.

BP's market value in this crisis has already lost more than four times that amount.

So where does this leave you?

Right now BP's stock is probably cheap, and it has been for a while. Last week, an ultra-conservative fund manager in London listed a handful of blue-chip companies that he thought had stronger finances than most governments. One was BP.

BP shares now look very cheap indeed compared with those of rival oil companies. Ironically, if the Gulf disaster ends up driving world-wide oil prices higher, that will benefit all oil companies—including BP.

What's more, shares often overreact in these crises because institutional money managers—the people who really move stock prices—become afraid to own them. The stocks just involve too much career risk. Jim Angel, associate professor at Georgetown University's McDonough School of Business, says that when the bad

news hits, a stock can become a "pariah" in the fund-management industry "overnight." Like now.

Anyone buying BP, nonetheless, is taking on an unknown risk regarding the financial costs of this crisis. Investors tend to shy away from uncertain or "risky" situations like this.

This often creates opportunities for the bold. Exxon stock slumped about 6% straight after the Valdez disaster. But it quickly rebounded, and long-term investors barely noticed. Even if you'd invested \$1,000 the day before Valdez and just hung on, today you'd have about \$12,000.

—Brett Arends
WSJ.com

College Ill-Health Services

The recent health-care overhaul allows young people to stay on their parents' insurance until age 26. But there's a big and growing problem with health care for college students.

Not only do colleges sometimes overcharge students for health services, but school health plans are so confusing that students often don't know they owe money until they are hit with late fees. The result: spiraling medical bills for young people.

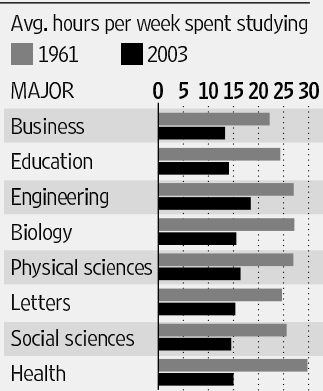
The college health system is a crazy quilt of private coverage and student plans, with few rules governing how schools charge for coverage or on-campus services. More than half of U.S. colleges offer a school-sponsored plan in which students pay premiums for coverage. Some automatically enroll students in their plans, unless the students sign a waiver proving they're covered by an outside policy.

Whether or not schools offer coverage, they frequently upcharge students who are covered on a parent's plan for basic

Stat of the Week

Study Time? Students are spending less time studying than they did more than 40 years ago, according to a study released last week by two University of California economists. Full-time students set aside 24 hours a week for studying in 1961, compared to 14 hours a week in 2003, and study times are likely still declining, though at a slower rate than they did between 1961 and 1981.

Source: Economists Philip Babcock of UC Santa Barbara and Mindy Marks of UC Riverside



services. All told, colleges overcharge students and families by \$2.3 billion to \$2.9 billion a year on health-center fees and premiums, according to research from consulting firm Keybridge Research commissioned by Highland Campus Health Group, a provider of billing services to schools.

The advice for students and parents: Get informed and stay vigilant. Before heading off to college, kids should assess how they will use the campus health center and stake out a local hospital.

Once students arrive on campus, they should familiarize themselves with the process for billing, find out what the payment methods are and how to obtain a proper receipt for reimbursement—and they should budget accordingly, says James Turner, president of the American College Health Association.

—Mary Pilon
The Wall Street Journal

Home Prices Heat Up

Home prices in February posted their first year-over-year increase since December 2006, according to the latest S&P Case-Shiller home price index. Home prices in the index's 20-city composite crept up a

scant 0.6%, but prices fell from the previous month.

In a battered housing market where each positive decimal-point-worth of growth has observers heralding a turnaround, the first annual increase in three years is encouraging, analysts say.

But before cheering a rebound, there are a few factors to consider. The biggest: the federal home-buyer tax credit, which expired April 30. The \$8,000 credit spurred buying activity and made the first few months of 2010 busier than usual. Now that the deadline has passed, there's likely to be a drop-off in prices.

Of the 20 metropolitan areas, prices rose on a year-over-year basis in nine cities, most notably on the West Coast, including San Francisco (1.9%), San Diego (7.6%) and Los Angeles (5.3%), while Washington, D.C. posted a 5% rise. The largest declines were in Las Vegas (-14.6%), Tampa (-6.1%) and Seattle (-5.6%).

—Sarah Morgan
and Lisa Scherzer
SmartMoney.com

The Aggregator features news and commentary from The Wall Street Journal and other publications. Email: nikki.waller@wsj.com

STARTING OUT | By Jonnelle Marte

Think Like a Worker

You've landed your first job out of college, where you'll finally be able to put all your knowledge and skills into practice. But there are some things that are best left back in the classroom.

To successfully make the transition from college student to working professional, you need to realize that it's no longer just about *you*. You'll need to communicate and work in ways that incorporate an employer's goals as well as your own.

"A lot of people are still operating by the school model: 'How much I know, how smart I am, what I can do,'" says Steven Lurie, author of "Handbook for Early Career Success." But "generally, that turns a lot of people off" in the workplace.

Talking to the Boss

The first thing to keep in mind is that your boss has a very different role than a professor, so the way you interact with him or her should be different as well.

A professor may admire the fact that you take a strong stand against his analysis and even encourage debate, but a boss not so much.

That doesn't mean you always need to agree with your manager when discussing a project or strategy. You just have to present your counterargument differently than you would in a classroom. Instead of stating that you think your boss's analysis is wrong, Mr. Lurie suggests saying something like, "I think I hear what you're saying but I'm not sure about how you got to that conclusion."

The same goes with colleagues. Try to offer suggestions to your boss and co-workers in a way that highlights how they benefit the business, such as saving the company time or money, says Tamara Erickson, author of "Plugged In: The Generation Y Guide to Thriving at Work."

And refrain from bad mouthing team members or a boss, the way you might a professor whose workload or teaching methods you dislike, says Mr. Lurie.

One common pitfall to avoid: being too casual when communicating with colleagues and customers, career coaches say. Using text-messaging abbreviations in emails to managers and clients could be interpreted as unprofessional or disrespectful, says J.T. O'Donnell, founder of Careerrealism.com, an online career resource for young job seekers. If your colleagues respond informally, you can follow suit.

Some managers are very hands-on, assigning specific tasks and giving deadlines, while others expect you to prioritize work on your own. So you may need to re-evaluate how you manage your assignments and time; there won't be a syllabus or course schedule to guide you.

Learning the Rules

Some supervisors would rather not be bombarded with questions about the ins and outs of an organization. To get a handle on the culture, rules and minutiae of a company, consider befriending a colleague or seeking out a mentor who can answer minor questions, such as what issues are best handled by human resources and when it's appropriate to take a coffee break, says D.A. Hayden, a career counselor at Boston consulting firm Hayden-Wilder.

Also keep in mind that your calendar operates differently now, regardless of how much vacation time you're allotted. So don't automatically assume that you can go away for spring break or go skiing with your buddies during the long Thanksgiving weekend. Chances are you'll have to report for duty with those turkey leftovers on Friday.

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BARRON'S INSIGHT | By Mike Hogan

Looking for Income? Find the Big Dividends.

Still casting about for a long-term investing strategy? How about "Follow the money"?

Get ready for a flurry of stock buybacks and dividend payouts over the next couple of years, predicts Deutsche Bank Chief Strategist Binky Chadha, thanks to record amounts of cash building up in corporate coffers. His team has identified 50 companies most likely to participate in this payout upcycle.

These large companies found themselves with an embarrassment of riches because their costs got slashed faster than revenues over the past couple of years. Even though other corporate purposes also are in line for budget increases, Mr. Chadha figures about \$100 billion this year and another \$200 billion next year will go to dividend payouts "just to keep the cash mountain from growing."

Topping the list of likely benefactors are banks and other financial firms, the only

major sector to really slash dividend payouts in 2009. But if financials aren't your cup of tea, health care, industrials, tech and consumer-discretionary firms also are promising sectors.

There's certainly no shortage of Web resources for those interested in long-term income. One must-have tool is a regularly updated calendar of upcoming payout dates, such as the one found on Harry Domash's Dividend Detective (www.dividenddetective.com). Although much of the site's content is free, access to the calendar requires a \$15 monthly premium membership.

But that also buys you Mr. Domash's Dividend Hotshots, a list of companies with high dividend yields of 5% or greater whose track records suggest that they can keep it up.

Generally speaking, a dividend whose per-share dividend/earnings payout ratio is greater than 60% is considered a little too generous to last.

Better still, let Charles Col-

son's Big Safe Dividends (big-safedividends.com) do the math for you. Mr. Colson has several comprehensive tables of solid companies up there, including S&P 1500 companies with sustainable payouts.

Another popular place to find reliable dividend payers is Standard and Poor's S&P 500 Dividend Aristocrats Index (www.dividendaristocrats.standardandpoors.com). These are about four dozen S&P 500 companies that have increased dividends every year for the last 25 years.

Don't have the time to pick and choose? You can invest in a basket of the highest yielders among the Aristocrats by buying State Street Global Advisors's S&P Dividend ETF (SDY) exchange-traded fund. Another alternative is iShares' Dow Jones Select Dividend Index Fund (DIVY), which holds the 100 highest-yielding U.S. securities with a five-year history of dividend growth.

For more stories, see barrons.com.

ENCORE | By Anne Tergesen

Changes to Medicare Advantage

Our recent column about the impact of new health-care legislation on Medicare prompted many readers to ask about the specific effects on Medicare Advantage programs, which currently cover about a quarter of Medicare recipients.

With Medicare, individuals must choose one of two paths: original fee-for-service Medicare, or a federally subsidized private Medicare Advantage plan, which typically operates like a health-maintenance or preferred-provider organization.

Over the next 10 years, the new health-care law will divert some \$132 billion from Medicare Advantage, according to a recent report by George Washington University's Department of Health Policy. This has sparked concern that these plans may reduce benefits, raise premiums, or both.

But the impact is likely to vary from plan to plan. Medicare currently pays Medicare Advantage plans an average of 13% more than the cost of covering the same beneficiaries under traditional fee-for-service Medicare. After the cost cuts are fully implemented, Medicare Advantage plans will still receive slightly more—

about 1% extra overall, according to George Washington University.

But depending on whether Medicare costs in your county are high or low, your plan could receive anywhere from 5% less to 15% more than the average cost of original Medicare in your area. (Plans in low-cost areas are generally rewarded with reimbursements that are more generous relative to local Medicare costs.)

The spending cuts will phase in over time. This year, no cuts will be made. In 2011, payments will be frozen at current levels. Starting in 2012, the cuts will phase in over two to six years, says Paul Precht, director for policy and communications of the nonprofit Medicare Rights Center. Plans slated for the steepest reductions will experience the longest transition times, he adds.

Under the new system, Medicare Advantage plans that perform well on certain quality measures will receive modest bonuses—to be used, in part, to provide extra benefits. To see how your plan measures up, go to medicare.gov and look up the quality ratings published by the Centers for Medi-

care & Medicaid Services, Medicare's administrator. Search under "Find & Compare Health Plans." (Plans receiving 3.5 to 5 stars will be rewarded.)

Starting in 2011, Medicare Advantage plans also must cap at \$6,700 recipients' maximum annual out-of-pocket expenditures for services covered under Medicare. (Some PPOs will be able to impose a higher \$10,000 annual limit for both in- and out-of-network services.) Currently, about one-third of Medicare Advantage plans don't have such caps.

Advantage plans will be barred from charging higher copayments or coinsurance rates for certain services, including chemotherapy, than patients would pay under original Medicare.

Also starting in 2011, Medicare Advantage participants who want to switch to another Advantage plan will have to do so in Medicare's six-week annual election period from Nov. 15 to Dec. 31. Previously, participants also were permitted to make a switch between Jan. 1 and March 31 of the following year.

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Thrifty 50

Stocks with the biggest potential to increase payouts to shareholders, as identified by Deutsche Bank researchers.

Full Name (Symbol)	Recent Price	DivYld	Full Name (Symbol)	Recent Price	DivYld
AES (AES)	\$11.09	N/A	Lincoln National (LNC)	\$28.74	0.14%
Ameren (AEE)	25.49	6.04%	Loews (L)	35.83	0.70
Automatic Data Processing (ADP)	42.66	3.19	Marshall & Ilsley (MI)	9.15	0.44
Bank of America (BAC)	17.53	0.23	Masco (MAS)	15.47	1.94
Bemis (BMS)	29.39	3.13	Mattel (MAT)	22.88	3.28
Boeing (BA)	71.00	2.37	MeadWestvaco (MWV)	25.94	3.55
Caterpillar (CAT)	65.96	2.55	Molson Coors Brewing (TAP)	43.41	2.58
Charles Schwab (SCHW)	18.81	1.28	National Oilwell Varco (NOV)	42.82	N/A
Cintas (CTAS)	26.70	1.80	NetApp (NTAP)	34.07	N/A
Coventry Health Care (CVH)	22.06	N/A	Nicor (GAS)	42.12	4.42
Discover Financial Services (DFS)	14.94	0.54	Omnicom Group (OMC)	41.39	1.93
E.I. du Pont de Nemours (DD)	37.87	4.33	Pfizer (PFE)	17.18	4.19
Eastman Chemical (EMN)	65.23	2.70	PulteGroup (PHM)	12.59	N/A
eBay (EBAY)	22.66	N/A	Qualcomm (QCOM)	37.64	2.02
El Paso (EP)	11.78	0.34	Quanta Services (PWR)	19.59	N/A
Estee Lauder CL A (EL)	62.80	0.88	Rowan (RDC)	28.81	N/A
First Solar (FSLR)	133.95	N/A	Sara Lee (SLE)	14.00	3.14
Ford Motor (F)	12.34	N/A	Southwest Airlines (LUV)	13.03	0.15
Forest Laboratories (FRX)	27.05	N/A	SunTrust Banks (STI)	29.40	0.14
Genworth Financial (GNW)	15.55	N/A	Tyson Foods CL A (TSN)	19.43	0.82
H&R Block (HRB)	18.32	3.28	Washington Post CL B (WPO)	500.82	1.80
Harley-Davidson (HOG)	31.52	1.27	Watson Pharmaceuticals (WPI)	43.59	N/A
Humana (HUM)	46.57	N/A	Whirlpool (WHR)	104.21	1.65
ITT (ITT)	53.34	1.87	Windstream (WIN)	11.00	9.09
KLA-Tencor (KLAC)	33.04	1.82	Zions Bancorp. (ZION)	27.86	0.14

Note: Expected "payouts" can be either dividends or stock buybacks.

Source: Compustat, Deutsche Bank, WSJ Market Data Group

How to Estimate the Value of Donated Items

Fellow hoarders, take a fresh look at your overcrowded closets, bulging book shelves and other cluttered nooks and crannies of your home and garage. You might uncover some valuable tax deductions.

TOM HERMAN'S TAX TIP

Consider donating old clothes, furniture, golf clubs and other household items to your favorite charities. These noncash donations, as tax professionals refer to them, can help trim your tax bill—as long as you itemize your deductions.

But valuing those donations can be surprisingly tricky.

The Internal Revenue Service says gifts of clothing and household items generally must be in "good" used condition or better in order to be deductible. But officials still haven't offered

guidance on what "good" means. Moreover, there's an important exception: You can deduct a household item that isn't in good condition or better as long as you deduct more than \$500 for it and include a qualified appraisal of it with your tax return, the IRS says in Publication 526, available at www.irs.gov.

These are the rules for "household" items, such as furniture and furnishings, electronics, appliances, linens and other similar items. The rules are significantly different for donations of food, paintings, antiques and works of art, jewelry and used cars and boats. For details, see IRS publications 526 and 561.

The IRS says the fair market values of used clothing and household goods usually are "far less" than the original cost, adding that the price buyers of used items actually pay in used-

clothing stores, such as consignment or thrift shops, is "an indication" of the value.

One easy way to figure out the value of your items may be to use inexpensive tax-preparation software and online programs, which list larger numbers of items. Intuit's TurboTax, for instance, includes estimates for thousands of items. These published estimates can come in handy in case your donation values later are challenged by the IRS.

Keep detailed records of items donated, with videos and photographs, and get the required acknowledgements from charities.

Send your questions to us at askdowjones.sunday03@wsj.com and include your name, address and telephone number. Questions may be edited; we regret that we cannot answer every letter.